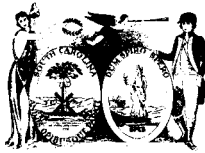


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

August 19, 2004

Mr. Doug Hodges, Controller
Laurel Baye Healthcare, LLC
1205 Two Island Court, Suite 204
Mount Pleasant, South Carolina 29464

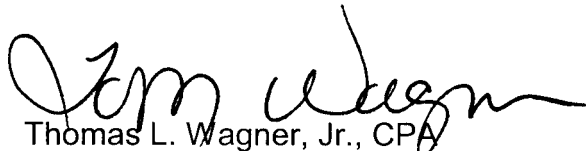
Re: AC# 3-LBG-K0 – Laurel Baye Healthcare of Greenville, LLC

Dear Mr. Hodges:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period May 1, 2000 through October 31, 2000. That report was used to set the rate covering the contract periods beginning May 1, 2000.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Joseph P. Hayes

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
GREENVILLE, SOUTH CAROLINA

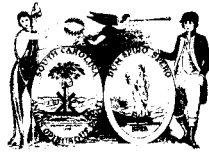
CONTRACT PERIODS
BEGINNING MAY 1, 2000
AC# 3-LBG-K0

AGREED-UPON PROCEDURES REPORT
ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

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STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 13, 2004

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Laurel Baye Healthcare of Greenville, LLC, for the contract periods beginning May 1, 2000, and for the six month cost report period ended October 31, 2000, as set forth in the accompanying schedules. The management of Laurel Baye Healthcare of Greenville, LLC is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the South Carolina Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.


The procedures and the associated findings are as follows:

1. We selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Laurel Baye Healthcare of Greenville, LLC, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the Provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the South Carolina Department of Health and Human Services and Laurel Baye Healthcare of Greenville, LLC dated as of October 1, 1994 and October 1, 2001 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
May 13, 2004

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.


Thomas L. Wagner, Jr. CPA
State Auditor

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Computation of Rate Change

For the Contract Periods

Beginning May 1, 2000

AC# 3-LBG-K0

	<u>05/01/00-</u> <u>09/30/00</u>	<u>10/01/00-</u> <u>10/31/00</u>	<u>11/01/00-</u> <u>09/30/01</u>	<u>10/01/01-</u> <u>12/31/02</u>
Interim Reimbursement Rate (1)	\$97.22	\$99.66	\$102.64	\$108.93
Adjusted Reimbursement Rate	<u>95.46</u>	<u>97.90</u>	<u>100.83</u>	<u>107.46</u>
Decrease in Reimbursement Rate	\$ <u>1.76</u>	\$ <u>1.76</u>	\$ <u>1.81</u>	\$ <u>1.47</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated May 8, 2003

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Computation of Adjusted Reimbursement Rate
For the Contract Period May 1, 2000 Through September 30, 2000
AC# 3-LBG-K0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 51.82	\$50.88	
Dietary		11.66	9.69	
Laundry/Housekeeping/Maintenance		<u>13.39</u>	<u>8.24</u>	
Subtotal	\$ <u>-</u>	76.87	68.81	\$68.81
Administration & Medical Records	\$ <u>-</u>	<u>19.65</u>	<u>11.56</u>	<u>11.56</u>
Subtotal		96.52	<u>\$80.37</u>	80.37
<u>Costs Not Subject to Standards:</u>				
Utilities		2.48		2.48
Special Services		-		-
Medical Supplies & Oxygen		4.21		4.21
Taxes and Insurance		1.22		1.22
Legal Fees		<u>.03</u>		<u>.03</u>
TOTAL		<u>\$104.46</u>		88.31
Inflation Factor (N/A)				-
Cost of Capital				8.93
Cost of Capital Limitation				(2.53)
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
CNA Add-On				<u>.75</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$95.46</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2000 Through October 31, 2000
AC# 3-LBG-K0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 51.82	\$54.01	
Dietary		11.66	10.12	
Laundry/Housekeeping/Maintenance		<u>13.39</u>	<u>8.88</u>	
Subtotal	\$ <u>-</u>	76.87	73.01	\$73.01
Administration & Medical Records	\$ <u>-</u>	<u>19.65</u>	<u>10.55</u>	<u>10.55</u>
Subtotal		96.52	<u>\$83.56</u>	83.56
<u>Costs Not Subject to Standards:</u>				
Utilities		2.48		2.48
Special Services		-		-
Medical Supplies & Oxygen		4.21		4.21
Taxes and Insurance		1.22		1.22
Legal Fees		<u>.03</u>		<u>.03</u>
TOTAL		<u>\$104.46</u>		91.50
Inflation Factor (N/A)				-
Cost of Capital				8.84
Cost of Capital Limitation				(2.44)
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>-</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$97.90</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2000 Through September 30, 2001
 AC# 3-LBG-K0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 51.82	\$54.01	
Dietary		11.66	10.12	
Laundry/Housekeeping/Maintenance		<u>13.39</u>	<u>8.88</u>	
Subtotal	\$ <u>-</u>	76.87	73.01	\$ 73.01
Administration & Medical Records	\$ <u>-</u>	<u>19.65</u>	<u>10.55</u>	<u>10.55</u>
Subtotal		96.52	<u>\$83.56</u>	83.56
<u>Costs Not Subject to Standards:</u>				
Utilities		2.48		2.48
Special Services		-		-
Medical Supplies & Oxygen		4.21		4.21
Taxes and Insurance		1.22		1.22
Legal Fees		<u>.03</u>		<u>.03</u>
TOTAL		<u>\$104.46</u>		91.50
Inflation Factor (3.20%)				2.93
Cost of Capital				8.84
Cost of Capital Limitation				(2.44)
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>-</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$100.83</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2001 Through December 31, 2002
AC# 3-LBG-K0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 51.82	\$58.02	
Dietary		11.66	10.74	
Laundry/Housekeeping/Maintenance		<u>13.39</u>	<u>9.23</u>	
Subtotal	<u>\$1.12</u>	76.87	77.99	\$ 76.87
Administration & Medical Records	<u>\$ -</u>	<u>19.65</u>	<u>11.47</u>	<u>11.47</u>
Subtotal		96.52	<u>\$89.46</u>	88.34
<u>Costs Not Subject to Standards:</u>				
Utilities		2.48		2.48
Special Services		-		-
Medical Supplies & Oxygen		4.21		4.21
Taxes and Insurance		1.22		1.22
Legal Fees		<u>.03</u>		<u>.03</u>
TOTAL		<u>\$104.46</u>		96.28
Inflation Factor (3.80%)				3.66
Cost of Capital				8.82
Cost of Capital Limitation				(2.42)
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				1.12
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>-</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$107.46</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended October 31, 2000
For the Contract Period May 1, 2000 Through September 30, 2000
AC# 3-LBG-K0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$1,045,404	\$ 7,900 (14) 8,395 (20) 510 (20)	\$ 10,646 (17) 9,875 (18)	\$1,041,688
Dietary	234,349	-	-	234,349
Laundry	63,276	3 (20)	-	63,279
Housekeeping	94,082	51 (1)	-	94,133
Maintenance	110,890	302 (1) 639 (20)	-	111,831
Administration & Medical Records	272,963	120,742 (1) 7,176 (9) 9,875 (18) 2,463 (20) 107 (20)	706 (5) 3,663 (6) 1,738 (8) 12,236 (19)	394,983
Utilities	49,497	1,167 (1)	788 (6)	49,876
Special Services	-	-	-	-
Medical Supplies & Oxygen	114,316	26,386 (1)	2,465 (7) 7,245 (9) 7,900 (14) 5,999 (15) 30,385 (16) 955 (17) 1,171 (20)	84,582

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended October 31, 2000
For the Contract Period May 1, 2000 Through September 30, 2000
AC# 3-LBG-K0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	31,088	593 (1)	7,138 (13)	24,543
Legal Fees	-	1,221 (1)	528 (4)	693
Cost of Capital	167,762	111,437 (21)	96,545 (1)	179,563
			<u>3,091 (10)</u>	
Subtotal	2,183,627	298,967	203,074	2,279,520
Ancillary	52,336	30,385 (16)	-	82,721
Nonallowable	495,716	528 (4)	49,398 (1)	369,506
		706 (5)	10,946 (20)	
		2,465 (7)	111,437 (21)	
		1,738 (8)		
		69 (9)		
		3,091 (10)		
		7,138 (13)		
		5,999 (15)		
		11,601 (17)		
		<u>12,236 (19)</u>		
Total Operating Expenses	<u>\$2,731,679</u>	<u>\$374,923</u>	<u>\$374,855</u>	<u>\$2,731,747</u>
Total Patient Days	<u>20,101</u>	<u>-</u>	<u>-</u>	<u>20,101</u>
Total Beds	<u>112</u>			

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended October 31, 2000
For the Contract Period October 1, 2000 Through September 30, 2001
AC# 3-LBG-K0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,045,404	\$ 7,900 (14) 8,395 (20) 510 (20)	\$ 10,646 (17) 9,875 (18)	\$1,041,688
Dietary	234,349	-	-	234,349
Laundry	63,276	3 (20)	-	63,279
Housekeeping	94,082	51 (2)	-	94,133
Maintenance	110,890	302 (2) 639 (20)	-	111,831
Administration & Medical Records	272,963	120,742 (2) 7,176 (9) 9,875 (18) 2,463 (20) 107 (20)	706 (5) 3,663 (6) 1,738 (8) 12,236 (19)	394,983
Utilities	49,497	1,167 (2)	788 (6)	49,876
Special Services	-	-	-	-
Medical Supplies & Oxygen	114,316	26,386 (2)	2,465 (7) 7,245 (9) 7,900 (14) 5,999 (15) 30,385 (16) 955 (17) 1,171 (20)	84,582

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended October 31, 2000
For the Contract Period October 1, 2000 Through September 30, 2001
AC# 3-LBG-K0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	31,088	593 (2)	7,138 (13)	24,543
Legal Fees	-	1,221 (2)	528 (4)	693
Cost of Capital	166,669	109,637 (12)	95,452 (2)	177,763
			<u>3,091 (10)</u>	
Subtotal	2,182,534	297,167	201,981	2,277,720
Ancillary	52,336	30,385 (16)	-	82,721
Nonallowable	496,809	528 (4)	50,491 (2)	371,306
		706 (5)	109,637 (12)	
		2,465 (7)	10,946 (20)	
		1,738 (8)		
		69 (9)		
		3,091 (10)		
		7,138 (13)		
		5,999 (15)		
		11,601 (17)		
		<u>12,236 (19)</u>		
Total Operating Expenses	<u>\$2,731,679</u>	<u>\$373,123</u>	<u>\$373,055</u>	<u>\$2,731,747</u>
Total Patient Days	<u>20,101</u>	<u>-</u>	<u>-</u>	<u>20,101</u>
Total Beds	<u>112</u>			

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended October 31, 2000
For the Contract Period October 1, 2001 Through December 31, 2002
AC# 3-LBG-K0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,045,548	\$ 7,900 (14) 8,395 (20) 510 (20)	\$ 144 (3) 10,646 (17) 9,875 (18)	\$1,041,688
Dietary	234,349	-	-	234,349
Laundry	63,276	3 (20)	-	63,279
Housekeeping	94,123	10 (3)	-	94,133
Maintenance	111,134	58 (3) 639 (20)	-	111,831
Administration & Medical Records	391,673	2,032 (3) 7,176 (9) 9,875 (18) 2,463 (20) 107 (20)	706 (5) 3,663 (6) 1,738 (8) 12,236 (19)	394,983
Utilities	49,804	860 (3)	788 (6)	49,876
Special Services	-	-	-	-
Medical Supplies & Oxygen	106,003	34,699 (3)	2,465 (7) 7,245 (9) 7,900 (14) 5,999 (15) 30,385 (16) 955 (17) 1,171 (20)	84,582

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended October 31, 2000
For the Contract Period October 1, 2001 Through December 31, 2002
AC# 3-LBG-K0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	31,568	113 (3)	7,138 (13)	24,543
Legal Fees	562	659 (3)	528 (4)	693
Cost of Capital	166,780	109,223 (11)	95,563 (3)	177,349
			<u>3,091 (10)</u>	
Subtotal	2,294,820	184,722	202,236	2,277,306
Ancillary	52,336	30,385 (16)	-	82,721
Nonallowable	384,523	61,795 (3)	109,223 (11)	371,720
		528 (4)	10,946 (20)	
		706 (5)		
		2,465 (7)		
		1,738 (8)		
		69 (9)		
		3,091 (10)		
		7,138 (13)		
		5,999 (15)		
		11,601 (17)		
		<u>12,236 (19)</u>		
Total Operating Expenses	<u>\$2,731,679</u>	<u>\$322,473</u>	<u>\$322,405</u>	<u>\$2,731,747</u>
Total Patient Days	<u>20,101</u>	<u>-</u>	<u>-</u>	<u>20,101</u>
Total Beds	<u>112</u>			

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Adjustment Report
Cost Report Period Ended October 31, 2000
AC# 3-LBG-K0

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
1	Housekeeping	\$ 51	
	Maintenance	302	
	Administration	120,742	
	Legal	1,221	
	Utilities	1,167	
	Taxes, Insurance & Licenses	593	
	Medical Supplies & Oxygen	26,386	
	Cost of Capital		\$ 96,545
	Nonallowable		49,398
	Other Equity		4,519
	To adjust expenses to the amended cost report totals State Plan, Attachment 4.19D (For the rate period 05/01/00 - 09/30/00)		
2	Housekeeping	51	
	Maintenance	302	
	Administration	120,742	
	Legal	1,221	
	Utilities	1,167	
	Taxes, Insurance & Licenses	593	
	Medical Supplies & Oxygen	26,386	
	Cost of Capital		95,452
	Nonallowable		50,491
	Other Equity		4,519
	To adjust expenses to the amended cost report totals State Plan, Attachment 4.19D (For the rate periods 10/01/00 - 10/31/00 and 11/01/00 - 09/30/01)		
3	Housekeeping	10	
	Maintenance	58	
	Administration	2,032	
	Legal	659	
	Utilities	860	
	Taxes, Insurance & Licenses	113	
	Medical Supplies & Oxygen	34,699	
	Nonallowable	61,795	
	Restorative		144
	Cost of Capital		95,563
	Other Equity		4,519
	To adjust expenses to the amended cost report totals State Plan, Attachment 4.19D (For the rate period 10/01/01 - 12/31/02)		

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Adjustment Report

Cost Report Period Ended October 31, 2000

AC# 3-LBG-K0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable Legal	528	528
	To carryforward DH&HS adjustment DH&HS summary of desk audit adjustments (For all rate periods)		
5	Nonallowable Administration	706	706
	To carryforward DH&HS adjustment DH&HS summary of desk audit adjustments (For all rate periods)		
6	Income - Vending	788	
	Income - Miscellaneous	3,663	
	Utilities		788
	Administration		3,663
	To carryforward DH&HS adjustment DH&HS summary of desk audit adjustments (For all rate periods)		
7	Nonallowable Medical Supplies & Oxygen	2,465	2,465
	To carryforward DH&HS adjustment DH&HS summary of desk audit adjustments (For all rate periods)		
8	Nonallowable Administration - Professional Accounting Administration - Professional Other	1,738	1,500 238
	To carryforward DH&HS adjustment DH&HS summary of desk audit adjustments (For all rate periods)		
9	Nonallowable Administration Medical Supplies & Oxygen	69 7,176	7,245
	To adjust the cost report account balances to the provider's working trial balance HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Adjustment Report

Cost Report Period Ended October 31, 2000

AC# 3-LBG-K0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Other Equity	96,079	
	Nonallowable	3,091	
	Fixed Assets		73,904
	Accumulated Depreciation		22,175
	Cost of Capital		3,091
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
11	Cost of Capital	109,223	
	Nonallowable		109,223
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 10/01/01 - 12/31/02)		
12	Cost of Capital	109,637	
	Nonallowable		109,637
	To adjust capital return State Plan, Attachment 4.19D (For the rate periods 10/01/00 - 10/31/00 and 11/01/00 - 09/30/01)		
13	Nonallowable	7,138	
	Taxes, Insurance & Licenses		7,138
	To adjust expense due to lack of documentation HIM-15-1, Section 2304		
14	Nursing	7,900	
	Medical Supplies & Oxygen		7,900
	To reclassify expense to the proper cost center DH&HS Expense Checklist		
15	Nonallowable	5,999	
	Medical Supplies & Oxygen		5,999
	To adjust to general ledger balance HIM-15-1, Section 2304		

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Adjustment Report
Cost Report Period Ended October 31, 2000
AC# 3-LBG-K0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
16	Ancillary Medical Supplies & Oxygen	30,385	30,385
	To reclass expense to the proper cost center HIM-15-1, Section 2304		
17	Nonallowable Nursing Medical Supplies & Oxygen	11,601	10,646 955
	To adjust Laurel Baye Medical expense to cost HIM-15-1, Section 1000		
18	Administration Nursing	9,875	9,875
	To reclass salaries to the proper cost center HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
19	Nonallowable Administration	12,236	12,236
	To adjust owner/relative compensation and related benefits State Plan, Attachment 4.19D		
20	Nursing Restorative Laundry Maintenance Administration Medical Records Medical Supplies & Oxygen Nonallowable	8,395 510 3 639 2,463 107	1,171 10,946
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Adjustment Report

Cost Report Period Ended October 31, 2000

AC# 3-LBG-K0

ADJUSTMENT <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
21	Cost of Capital Nonallowable	111,437	111,437
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 05/01/00 - 09/30/00)		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	\$ <u>945,001</u>	\$ <u>945,001</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended October 31, 2000
 For the Contract Period May 1, 2000 Through September 30, 2000
 AC# 3-LBG-K0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.2493</u>
Deemed Asset Value (Per Bed)	35,130
Number of Beds	<u>112</u>
Deemed Asset Value	3,934,560
Improvements Since 1981	1,739,751
Accumulated Depreciation at 10/31/00	(2,165,452)
Deemed Depreciated Value	3,508,859
Market Rate of Return	<u>.063</u>
Total Annual Return	221,058
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	111,437
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	111,437
Depreciation Expense	68,088
Home Office Cost of Capital Expense	38
Amortization Expense	-
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	179,563
Total Patient Days (Actual)	<u>20,101</u>
Cost of Capital Per Diem	\$ <u>8.93</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended October 31, 2000
For the Contract Period May 1, 2000 Through September 30, 2000
AC# 3-LBG-K0

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ 2.41
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>6.40</u>
Reimbursable Cost of Capital Per Diem	\$ 6.40
Cost of Capital Per Diem	<u>8.93</u>
Cost of Capital Per Diem Limitation	\$ <u>(2.53)</u>

LAUREL BAYE OF HEALTHCARE OF GREENVILLE, LLC
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended October 31, 2000
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-LBG-K0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.3156</u>
Deemed Asset Value (Per Bed)	36,165
Number of Beds	<u>112</u>
Deemed Asset Value	4,050,480
Improvements Since 1981	1,739,751
Accumulated Depreciation at 10/31/00	(2,165,452)
Deemed Depreciated Value	3,624,779
Market Rate of Return	<u>.060</u>
Total Annual Return	217,487
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	109,637
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	109,637
Depreciation Expense	68,088
Home Office Cost of Capital Expense	38
Amortization Expense	-
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	177,763
Total Patient Days (Actual)	<u>20,101</u>
Cost of Capital Per Diem	\$ <u>8.84</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended October 31, 2000

For the Contract Period October 1, 2000 Through September 30, 2001

AC# 3-LBG-K0

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ 2.41
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>6.40</u>
Reimbursable Cost of Capital Per Diem	\$ 6.40
Cost of Capital Per Diem	<u>8.84</u>
Cost of Capital Per Diem Limitation	\$ <u>(2.44)</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended October 31, 2000
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-LBG-K0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.3848</u>
Deemed Asset Value (Per Bed)	37,246
Number of Beds	<u>112</u>
Deemed Asset Value	4,171,552
Improvements Since 1981	1,739,751
Accumulated Depreciation at 10/31/00	(2,165,452)
Deemed Depreciated Value	3,745,851
Market Rate of Return	<u>.058</u>
Total Annual Return	217,259
Number of Days in Period	<u>184/366</u>
Adjusted Annual Return	109,223
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	109,223
Depreciation Expense	68,088
Home Office Cost of Capital Expense	38
Amortization Expense	-
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	177,349
Total Patient Days (Actual)	<u>20,101</u>
Cost of Capital Per Diem	\$ <u>8.82</u>

LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended October 31, 2000

For the Contract Period October 1, 2001 Through December 31, 2002

AC# 3-LBG-K0

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ 2.41
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>6.40</u>
Reimbursable Cost of Capital Per Diem	\$ 6.40
Cost of Capital Per Diem	<u>8.82</u>
Cost of Capital Per Diem Limitation	\$ <u>(2.42)</u>

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